Legislation Text

**File #:** BL-17-025, **Version:** 1

**TAMRMS#: B06**

**Bylaw 24/2017 - Borrowing Bylaw for Branch Library - 2nd and 3rd Reading**
Presented by: Diane McMordie, Director, Financial Services

**RECOMMENDATION(S)**

1. That Bylaw 24/2017, being a Borrowing Bylaw to finance the construction of the Branch Library, be read a second time.

2. That Bylaw 24/2017 be read a third and final time.

**PURPOSE OF REPORT**

Bylaw 24/2017 is a borrowing Bylaw to enable the City of St. Albert to secure funding for the construction of the Branch Library. This project will be funded by a $21.9 million borrowing maximum with the debt being serviced through the Municipal tax base.

**COUNCIL DIRECTION**

On April 18, 2017 Council made the following resolution:

(CM-17-36)

That Bylaw 24/2017 be amended to change the amount of the borrowing from 25 million dollars to 21.9 million dollars.

On April 3, 2017 Council made the following resolution:

(BL-17-026)

That Bylaw 24/2017, being a Borrowing Bylaw to finance the construction of the Branch Library, be read a first time.

On March 13, 2017 Council passed the following motions

(INC-17-014)

That the City Manager be authorized to negotiate purchase of lands for the Community Branch Library as per recommendation 1 contained within the Confidential Administrative Report entitled “St. Albert Branch Library - Proposed Location”, provided as an attachment to the March 13, 2017 Standing Committee of the Whole Agenda Report titled “Land Matter”.

That Administration report back to Council the result of negotiations by May 23, 2017.

On December 12, 2016 Council passed the following motion



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(AR-16-485)

That the 2017 Municipal Operating Budget, in the amount of $148.8 million detailed in the attachment titled “2017 Municipal Operating Budget” be approved.

That the 2017 Municipal Capital Budget, in the amount of $55.2 million detailed in the attachment titled “2017 Municipal Capital Funding” be approved.

That the 2017-2019 Business Plans, provided as part of the Proposed 2017 Budget document, be approved.

PM68a-2017

That OA-005 Community Library Branch in the amount of $17,492,159 be advanced and funded through debt servicing; and that Administration be directed to prepare, for Council consideration, the required borrowing bylaw(s) in accordance with the provisions of the Municipal Government Act.

## BACKGROUND AND DISCUSSION

After first reading of the bylaw on April 3, 2017 and a subsequent amendment to the bylaw through Council resolution on April 18, 2017, the bylaw was advertised in the St. Albert Gazette on both April 22, 2017 and April 29, 2017 to allow sufficient time for a petition in accordance with Section 251(3) of the MGA.

The 15-day petition period ran from April 30, 2017 to May 14, 2017. If a valid petition is not received, the Bylaw can be considered for second and third readings.

## STAKEHOLDER COMMUNICATIONS OR ENGAGEMENT

St. Albert Gazette advertisement on April 22, 2017 and April 29, 2017.

## IMPLICATIONS OF RECOMMENDATION(S)

Financial:

- Passing of Bylaw 24/2017 authorizes Administration to secure the required financing through Alberta Capital Finance Authority (ACFA) or another authorized financial institution. Work will begin on this soon to ensure that funds are available to align with the cash flow requirements of the project. It should be noted that Administration only has approval from Council to utilize the approved budgeted amount $17,492,000 (excluding land costs) within the borrowing room. Council Policy C-CAO-01 City Manager Delegations restricts the authority of the City Manager to approve scope/budget changes to a maximum of $250,000. This means that any required budget change above the authorized CAO amount would need to come to Council for approval. Until such a time as the land is identified, planning of the project is based on assumptions and cost estimates may change as the siting on the land, infrastructure requirements and other site-related activities can not be detailed. The current budget is based on concept/feasibility stage of estimating, which can vary by as much as +/- 50%, so the best/worst case scenario could range from $9 million to $26 million at a concept phase. These values represent extreme scenarios so the “likely” outcome is probably within a more narrow range. The borrowing limit of $21.9 million provides a $4.4 million or 25% buffer if land cost are

not planned to be financed through the same borrowing Bylaw.

Legal / Risk:

- In order to borrow funds, Section 254 of the Municipal Government Act states that, “No municipality may acquire, remove, or start the construction or improvement of a capital property that is to be financed in whole or in part through a borrowing unless the borrowing bylaw that authorizes the borrowing is passed.”

Program or Service:

- If the Borrowing Bylaw is not passed the City will be unable to secure the financing required to support the project. This would then require identification of other funding or the project would need to be cancelled.
- If final reading of the Borrowing Bylaw is delayed, a 2018 construction start is at risk.
- Currently, Administration is working at Council's direction on land options and will report to Council by May 23, 2017. There is no budget or funding source identified for the required land to commence construction of the project.

Organizational:

- None at this time

## ALTERNATIVES AND IMPLICATIONS CONSIDERED

- Alternative 1. Postpone the project and identify an alternate source of funding.

- Alternative 2. Cancel the project.

- Alternative 3: Change the borrowing limit within the proposed Bylaw to another amount. If the new amount is higher than $21.9 million, it would require readvertising of the bylaw along with adequate time for petition.

## STRATEGIC CONNECTIONS

SOCIAL - We are a friendly and inclusive community of passionate equals, where everyone feels a sense of belonging. We believe that community starts with the person next door.
ECONOMIC - We prosper and excel through a strong and diverse economy that is supported by forward-thinking commerce, outstanding local businesses and a dynamic downtown core.
BUILT ENVIRONMENT - We build our community towards the future to sustain balanced development, with a reverent eye to the past, honouring our unique settlement history and distinct identity.
CULTURE - We are proud of our storied history that has fed and nurtured our festive and culturally-rich community.

Governance Strategy
Council is committed to ensuring that the City of St. Albert is a responsive, accountable government that delivers value to the community.

Service Delivery Strategy
Council is committed to ensuring that the City of St. Albert is engaging residents to identify opportunities to improve delivery of services to the community.

Long Term Plans
N/A

Corporate Objectives (See Corporate Business Plan)
Deliver programs and services that meet or exceed our standards
Exercise strong fiscal management
Ensure our customers are very satisfied

Council Policies, Bylaws or Federal/Provincial statutes

a. C-FS-03 Debt Management
b. C-FS-05 Budget and Taxation Guiding Principles
c. MGA section 254

Other Plans or Initiatives (Business Plans, Implementation Strategies, etc.)
N/A

Report Date: May 15, 2017
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General Manager: Maya Pungur-Buick, GM of Corporate Services
City Manager: Kevin Scoble